



Customized Separately Managed Accounts (SMAs) vs. Bond Mutual Funds

Abner, Herrman & Brock (AHB) manages customized Investment-Grade Taxable & Municipal Bond separately managed accounts (SMA's). We are among the few firms that will truly customize a fixed income portfolio to achieve the client's objectives.

- Municipal bond portfolios can be state-specific, national or any combination
- Taxable bond portfolios can be separate or any combination of Treasuries, Agencies or Investment-Grade Corporates
- All bond portfolios can be shifted shorter or longer to meet a desired duration

With a customized fixed income SMA managed by AHB, we tailor the portfolio to meet the client's individual needs. AHB has the ability to manage tax liabilities with tax gain/loss harvesting, gifting as well as provide the client with consistent and reliable cash flow from their accounts.

Transparency is another major differentiation between a customized SMA managed by AHB vs. a bond mutual fund. Clients hire AHB to manage their fixed income assets by owning individual bond positions. This allows us to purchase and hold bonds with specific maturity dates, durations, call features, investment-grade ratings and in certain cases, state specific bonds. Investors choosing a customized SMA vs. a mutual fund have the advantage of owning the securities outright.

Expenses play a critical role to the overall total return of the portfolio. Bond mutual funds typically contain higher embedded costs than customized SMAs. AHB advisory fees charged within SMA accounts, which is an all-inclusive fee to the client, are often significantly lower than the expense ratios charged by bond mutual funds. These advisory fees are also tax-deductible for the client, further rationalizing the tax-efficiency of customized SMAs.

To schedule a meeting or conversation, please call Matthew Flood at 201-484-2050 or email at mflood@ahbi.com. To learn more about Abner Herrman & Brock, visit our website at www.ahbi.com

Abner, Herrman & Brock Asset Management

Founded in 1981, Abner, Herrman & Brock Asset Management manages portfolios individually structured to assist each client in achieving their investment objectives. Stock portfolios are managed utilizing a Core Equity philosophy, investing in both large capitalization value and growth disciplines with an objective of long-term, after-tax appreciation and below market volatility. Portfolios are diversified across economic sectors, industries and companies. Bond portfolios are managed to provide a high rate of current income and total return. Portfolios are invested in staggered maturities of U.S. Treasury, government agency and investment-grade corporate bonds and where appropriate, investment-grade municipal bonds. Portfolio managers are available to meet with clients upon request.

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